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CDK 98-141

January 13, 1999

Chairman William Kennard
Federal Communications Commission
1919 M Street NW
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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**Re: FCC En Banc Hearing
Response to Sprint Ex Parte letter dated December 23, 1998**

Dear Chairman Kennard:

SBC finds it necessary to respond to a letter dated December 23, 1998 addressed to you by Mr. J. Richard Devlin of Sprint relating to the awards for service which Sprint has presented to SBC companies and to SBC individual employees. Mr. Devlin's letter amounts to nothing more than a continued effort to denigrate awards his company has presented to SBC companies.

Most notably, Sprint does not deny that it presented SBC no less than 26 awards for excellence last year as I stated in my oral response to Mr. Devlin. Instead, Sprint attempts to downplay the significance of the awards by suggesting that the awards pertained solely to tariffed access services, rather than relating to competitive local services. The undeniable fact that the awards were given speaks volumes; therefore, I do not intend to engage in debate over the alleged fine points of Sprint's internal ranking process.

Sprint's concerns about the alleged impact of the SBC/Ameritech merger are derived from SBC's provision of access services after the merger (the very target of the awards). Sprint alleges, for example, that SBC will have the ability to discriminate in favor of its IXC affiliate in the provision of access services. Mr. Devlin's letter demonstrates that Sprint has more than adequate ability to measure SBC's performance in this area and that Sprint has a substantial body of historical information against which to measure SBC's performance in this area.

Further, Mr. Devlin is not correct in his assertion that the awards do not relate at all to local competition. The attached excerpt of Sprint testimony filed with the Illinois Commerce Commission demonstrates that Sprint is utilizing access services to establish its Broadband Metropolitan Area Networks (BMAN) and to provide Sprint's ION service which supports their local market entry strategy. Ironically, this is the same access service that has engendered Sprint's recognition of the excellent performance by the telephone company and its employees.

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With regard to Mr. Devlin's "deep concern" over the alleged decline in services which will be brought about by the loss of benchmark companies, this concern is likewise unfounded. As Sprint's letter itself demonstrates, nothing about the merger directly impacts the number of benchmark companies. Nor does the merger alter or eliminate the historical data which Sprint has accumulated to date against which SBC's ongoing performance can continue to be measured. Even after SBC's merger with PacTel, Sprint continues to evaluate SWBT and Pacific Bell separately, just as the FCC ARMIS reports continue to be generated in that level of detail. In fact, Footnote 2 of Mr. Devlin's letter supports this ability as it depicts a significant improvement in Pacific Bell's 1998 performance as compared to 1997 based on Sprint's own rankings.

In summary, whether the provision of service to its customers is for access or local, SBC puts forth an equal amount of energy and attention to ensure quality service is delivered regardless of the SBC subsidiary providing that service. Sprint, of course cannot speak to SBC's local performance in the areas served by SBC companies since it has not passed any facilities-based orders to an SBC company in any of these states where it has effective interconnection agreements.

SBC looks forward to providing continued quality service to Sprint and all other telecommunication carrier customers in our current service areas and, post-merger, in the areas served by Ameritech.

Sincerely,

A handwritten signature in black ink, appearing to be "S. Kinney", written over a horizontal line.

Attachment

cc: Commissioner Susan Ness
Commissioner Michael Powell
Commissioner Harold Furchtgott-Roth
Commissioner Gloria Tristiani
Mr. Larry Strickling
Mr. Jim Young, Bell Atlantic
Mr. J. Richard Devlin, Sprint
Ms. Sandy Kinney, SBC

1 Q. ON PAGES 84-86 OF HIS REBUTTAL TESTIMONY, MR. KAHAN
2 STATES, "SPRINT'S ASSERTION THAT SBC AND/OR AMERITECH
3 ILLINOIS MAY DEPRIVE IT OF THE INTERCONNECTION
4 CAPABILITIES IT NEEDS FOR ITS ION SERVICE APPEAR TO HAVE
5 BEEN CONCOCTED FOR THIS COMMISSION." WHAT IS YOUR
6 RESPONSE?

7 A. Currently SBC and Ameritech provide more than 99% of Sprint's special
8 access connections in their franchised territories. Although there are
9 alternative vendors in some areas who offer special access services,
10 Sprint, for a number of reasons, has opted to purchase SBC's ReliaNet
11 and Ameritech's SONET Xpress to establish Broadband Metropolitan Area
12 Networks ("BMANs") under term contracts. Thus it is not surprising that
13 Sprint would use those same special access connections to provide large
14 business customers with Sprint's ION service. To purchase special
15 access capacity under a term contract and then not utilize it would be
16 wasteful and inefficient. Sprint's press releases indicate that Sprint plans
17 to utilize the BMAN access it has purchased from SBC and Ameritech to
18 provide ION service to large business subscribers.

19
20 Sprint ION service is easily accessible for business customers located on
21 or close to BMANs. However, for smaller business locations,
22 telecommuters, small/home office users and consumers who may not
23 have access to BMANs, Sprint ION supports a myriad of the emerging

1 broadband access services, such as Digital Subscriber Line (DSL). It is
2 this smaller customer segment, rather than the large business user
3 segment, for which this Commission (and in fact every regulatory
4 Commission) should have special concern about. Although BMANs are
5 important, Sprint believes that the ILECs should be required to provide
6 other ION enabling access elements including collocation and unbundled
7 xDSL loops at reasonable prices and subject to reasonable terms and
8 conditions.

9
10 Sprint's Chairman Bill Esrey has stated, "ION is technology agnostic,"
11 because Sprint believes that ION will be delivered to customers using
12 multiple connecting platforms, including potentially, cable technologies,
13 wireless, fiber and copper. Sprint's plans include deploying broadband
14 enabling equipment, such as digital subscriber line access multiplexers
15 (DSLAMS), broadly in major markets, initially to 1,000 central offices by
16 early 2000, ultimately spanning more than 1,600 central offices. Sprint will
17 lease the unbundled local copper loops connecting customers to the
18 central offices from incumbent local inter-exchange carriers such as SBC
19 and Ameritech. It is in this area that SBC and Ameritech can cause
20 problems and delays in providing interconnection capabilities. For
21 example, SWBT has proposed an excessively high and unsupported
22 xDSL loop conditioning charges in the context of a proprietary contract
23 proposal made by SWBT to Sprint.